

**BEFORE THE MISSOURI REAL ESTATE COMMISSION**

MISSOURI REAL ESTATE COMMISSION	)	
	)	
Petitioner,	)	
	)	
v.	)	No. 18-0129 RE
	)	
	)	
CORNERSTONE PROPERTY MANAGEMENT	)	
AND REMODELING SERVICES LLC	)	
Respondents.	)	

**FINDINGS OF FACT, CONCLUSIONS OF LAW  
AND DISCIPLINARY ORDER**

On or about December 28, 2018, the Administrative Hearing Commission entered its Decision in the case of *Missouri Real Estate Commission v. Kendall Shives, Investor's Management Solutions, LLC and Cornerstone Property Management and Remodeling Services, LLC*, No. 18-0129 RE. In that Default Decision, the Administrative Hearing Commission found that Respondent Cornerstone Property Management and Remodeling Services, LLC, unlicensed entity, is subject to disciplinary action by the Missouri Real Estate Commission ("Commission") pursuant to § 339.010.1 (2), (3), (4), (7), (10) RSMO., and § 339.180.1 (1) and (2) RSMo.

The Commission has received and reviewed the record of the proceedings before the Administrative Hearing Commission including the properly pled complaint and the Default Decision of the Administrative Hearing Commission. The record of the Administrative Hearing Commission is incorporated herein by reference in its entirety.

Pursuant to notice and §§ 621.110 and 339.100.3, RSMo, the Commission held a hearing on June 5, 2019, at the Division of Professional Registration, 3605 Missouri Boulevard, Jefferson City, Missouri, for the purpose of determining the appropriate disciplinary action against Respondent. All of the members of the Commission were present throughout the meeting. Further, each member of this Commission has read the Default Decisions of the

Administrative Hearing Commission. The Commission was represented by Assistant Attorney General Ross Keeling. Respondent having received proper notice and opportunity to appear did not appear through legal counsel. After being present and considering all of the evidence presented during the hearing, the Commission issues the following Findings of Facts, Conclusions of Law and Order.

Based upon the foregoing the Commission hereby states:

**I.**

**FINDINGS OF FACT**

1. The Commission is an agency of the state of Missouri created and established pursuant to § 339.120, RSMo, for the purpose of licensing all persons engaged in the practice as a real estate broker or salesperson in this state. The Commission has control and supervision of the licensed occupations and enforcement of the terms and provisions of §§ 339.010-339.205 and 339.710-339.855, RSMo.

2. The Commission hereby adopts and incorporates by reference the properly pled Complaint and the Default Decision of the Administrative Hearing Commission in *Missouri Real Estate Commission v. Kendall Shives, Investor's Management Solutions, LLC and Cornerstone Property Management and Remodeling Services, LLC*, Case No. 18-0129 RE, issued December 28, 2018, in its entirety and takes official notice thereof.

3. The Commission set this matter for disciplinary hearing and served notice of the disciplinary hearing upon Respondent in a proper and timely fashion. Respondent failed to appear through legal counsel at the hearing before the Commission.

## II.

### CONCLUSIONS OF LAW

5. This Commission has jurisdiction over this proceeding pursuant to §§ 621.110 and 339.100, RSMo.

6. The Commission expressly adopts and incorporates by reference the properly pled complaint and Default Decision issued by the Administrative Hearing Commission dated December 28, 2018, in *Missouri Real Estate Commission v. Kendall Shives, Investor's Management Solutions, LLC and Cornerstone Property Management and Remodeling Services, LLC*, Case No. 18-0129 RE, takes official notice thereof, and hereby enters its conclusions of law consistent therewith.

7. As a result of the foregoing, and in accordance with the Administrative Hearing Commission's Default Decision dated December 28, 2018, Respondent unlicensed entity, Cornerstone Property Management and Remodeling Services, LLC is subject to disciplinary action by the Commission pursuant to § 339.010.1 (2), (3), (4), (7), (10) RSMO, and § 339.180.1 (1) and (2) RSMo.

8. The Commission has determined that this Order is necessary to ensure the protection of the public.

## III.

### ORDER

Having fully considered all the evidence before the Commission, and giving full weight to the Default Decision of the Administrative Hearing Commission, it is the **ORDER** of the Commission that Cornerstone Property Management and Remodeling Services, LLC is hereby **ORDERED** to pay a civil penalty of \$25,000 by certified check made payable to the

“Missouri Real Estate Commission” and mail to the Missouri Real Estate Commission, P.O. Box 1339, Jefferson City MO 65102-1339. Said certified check must be postmarked or hand delivered within 60 days of the date of this Order. Funds received pursuant to this Order shall be handled in accordance with Section 7 of Article IX of the Missouri Constitution and § 339.205.8, RSMo.

The Commission will maintain this Order as an open, public record of the Commission as provided in Chapters 339, 610 and 324, RSMo.

SO ORDERED, EFFECTIVE THIS 11<sup>TH</sup> DAY OF JUNE, 2019.

MISSOURI REAL ESTATE COMMISSION

  
Terry W. Moore, Executive Director

Before the  
Administrative Hearing Commission  
State of Missouri



REAL ESTATE COMMISSION

Petitioner,

v.

KENDALL SHIVES, et al.,

Respondents

No. 18-0129

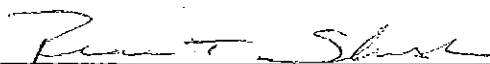
**DEFAULT DECISION AGAINST KENDALL SHIVES  
AND CORNERSTONE PROPERTY MANAGEMENT  
AND REMODELING SERVICES, LLC**

On February 28, 2018, Petitioner filed a properly pled complaint seeking to discipline Respondents. Respondent Kendall Shives was served with a copy of the complaint and our notice of complaint/notice of hearing by certified mail on March 3, 2018. Respondent Cornerstone Property Management and Remodeling Services, LLC, ("Cornerstone") was served before March 8, 2018.

More than thirty days have elapsed since Shives and Cornerstone were served, and they have not filed an answer or otherwise responded to the complaint.

In accordance with § 621.100.2, RSMo 2016, we enter a default decision against Shives and Cornerstone establishing that Petitioner is entitled to the relief requested in the complaint. This default decision shall become final and may not be set aside unless a motion is filed with this Commission within thirty days of the date of this order establishing good cause for not responding to the complaint and stating facts constituting a meritorious defense.

SO ORDERED on August 7, 2018.

  
RENEE T. SLUSHER  
Commissioner



## COMPLAINT

Petitioner, Missouri Real Estate Commission ("MREC"), by and through the Attorney General of the State of Missouri, states for its cause of action against the Defendants:

1. The MREC is an agency of the State of Missouri, created and established pursuant to Section 339.120, RSMo,<sup>1</sup> for the purpose of executing and enforcing the provisions of §§ 339.010 through 339.205, and §§ 330.710 through 339.855 RSMo, Real Estate Agents, Brokers, Appraisers, and Escrow Agents.

2. Jurisdiction and venue are proper before the Administrative Hearing Commission pursuant to § 621.045, RSMo, and § 339.200.1(1), RSMo.

3. Kendall Shives is an individual residing in Kansas City, Missouri.

4. Cornerstone Property Management and Remodeling Services LLC ("Cornerstone") is a Kansas limited liability company, created on May 7, 2012, and registered with the Secretary of State of Missouri as a foreign limited liability company on July 31, 2014. Cornerstone's charter in Missouri was administratively cancelled on August 25, 2016 for failure to maintain a

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<sup>1</sup> All statutory citations are to the 2016 Revised Statutes of Missouri as amended, unless otherwise noted.

registered agent for service, and can now be served through the Missouri Secretary of State.

5. Investors Management Solutions LLC ("IMS) is an active Missouri limited liability company, charter no. LC001455040, which was created on August 1, 2015. According to the Missouri Online Business Filing website, IMS is located at 5429 Blue Parkway, Ste. A, Kansas City, MO 64130, and its registered agent is Mr. Kendall Shives at the same address.

6. Neither Shives, Cornerstone, nor IMS, are currently licensed, or have ever been licensed, as a real estate broker, or as a real estate association, respectively, in the State of Missouri.

### **Applicable Law**

7. Section 339.010.1, RSMo, states in part:

A "real estate broker" is any person, partnership, limited partnership, limited liability company, association, professional corporation, or corporation, foreign or domestic who, for another, and for a compensation or valuable consideration, does, or attempts to do, any or all of the following:

(1) Sells, exchanges, purchases, rents, or leases real estate;

(2) Offers to sell, exchange, purchase, rent or lease real estate;

(3) Negotiates or offers or agrees to negotiate the sale, exchange, purchase, rental or leasing of real estate;



\* \* \*

(4) Lists or offers or agrees to list real estate for sale, lease, rental or exchange;

\* \* \*

(7) Assists or directs in the procuring of prospects, calculated to result in the sale, exchange, leasing or rental of real estate[.]

(8) Assists or directs in the negotiation of any transaction calculated or intended to result in the sale, exchange, leasing or rental of real estate;

\* \* \*

(10) Performs any of the foregoing acts on behalf of the owner of real estate, or interest therein, or improvements affixed thereon, for compensation.

8. Section 339.200.1(1) and .3, RSMo, state:

1. It shall be unlawful for any person not holding the required license from the commission to perform any act for which a license is required by sections 339.010 to 339.180 and sections 339.710 to 339.860. The commission may cause a complaint to be filed with the administrative hearing commission, as provided in chapter 621, against any unlicensed person who:

(1) Engages in or offers to perform any act for which a license is required by sections 339.010 to 339.180 and sections 339.710 to 339.860;

\* \* \*

3. If the commission files a complaint with the administrative hearing commission, the proceedings shall be conducted in accordance with the provisions of chapter 621. Upon a finding by the administrative hearing commission that the grounds provided in subsection 1 of this section for action are met, the commission may, either singularly or in combination with other provisions of this chapter, impose a civil penalty against the person named in the complaint in an amount not to exceed the limit authorized by section 339.205.

9. Section 339.205, RSMo, states in part:

1. In actions against unlicensed persons or disciplinary actions against licensed persons, the commission may issue an order imposing a civil penalty. Such penalty shall not be imposed until the findings of facts and conclusions of law by the administrative hearing commission have been delivered to the commission in accordance with section 621.110. Further, no civil penalty shall be assessed until a formal meeting and vote by the board has been taken to impose such a penalty.

2. Any civil penalty imposed by the commission shall not exceed two thousand five hundred dollars for each offense. Each day of a continued violation constitutes a separate offense, with a maximum penalty of twenty-five thousand dollars. . . .

## **COUNT I**

### **Property Managed for West Rock Missouri, LLC**

10. The MREC realleges and incorporates by reference paragraphs 1 through 9 as though fully set forth herein.

11. On March 20, 2014, Shives, as manager of Cornerstone, entered into nine agreements, each styled as a "Property Management Services Agreement," with West Rock Missouri LLC (West Rock), a Missouri LLC, for the management of the following properties, all in Kansas City, Missouri:

- a. 1811 Elmwood Ave.
- b. 2611 E. 10<sup>th</sup> Street
- c. 2623 E. 10<sup>th</sup> Street, A and B
- d. 2625 E. 10<sup>th</sup> Street, A and B
- e. 4612 E. 8<sup>th</sup> Street
- f. 5600 Olive Street
- g. 5606 Michigan Avenue
- h. 5817 Euclid Avenue
- i. 6637 Tracy Avenue

12. Under the agreement with West Rock, Cornerstone's duties were to lease, manage, and maintain the above named units in exchange for a management fee, including 8% of the total gross collected monthly rents, or a minimum monthly fee of \$50.00, 50% of late fees collected, a one-time leasing fee of \$350.00, and a lease renewal fee of \$100.00. Shives is named as a manager of Cornerstone in the signature block of all of the agreements.

13. On September 15, 2015, Shives, as manager of IMS entered into an agreement, styled as a "Property Management Services Agreement," with West Rock Missouri LLC (West Rock), a Missouri LLC, for the management of the properties named above. The West Rock/IMS agreement replaced and superseded the prior management agreements between West Rock and Cornerstone. The West Rock/IMS agreement was terminated by West Rock in

or about September of 2015. Shives is named as Manager of IMS in the signature block of the agreement.

14. Under the agreement with West Rock, IMS's duties were to lease, manage, and maintain the above named units in exchange for a management fee, including 8% of the total gross collected monthly rents, or a minimum monthly fee of \$50.00, 50% of late fees collected, a one-time leasing fee of 50% of the first month's rent, and a lease renewal fee of \$150.00.

15. Under the agreement with West Rock Missouri, LLC Shives charged West Rock for work that was not completed on West Rock's properties and failed to forward, and wrongfully withheld, rents collected from tenants living in West Rock's properties.

16. As a result of the Defendants' conduct, West Rock filed an action against the Defendants in the Associate Division of the Jackson County Circuit Court (Case No. 1616-CV04942) for damages in the amount of \$24,999.99, in which it was awarded a judgment for that amount plus statutory interest, attorney's fees, costs, and expenses. As of the date of this petition, that judgment had not been satisfied.

17. Entering into an agreement to lease, the above named units on behalf of West Rock for compensation is "offering to rent or lease" real estate within the meaning of § 339.010.1(2), offering or agreeing to negotiate the rental or leasing of real estate within the meaning of § 339.010.1(3), offering to

list real estate for lease or rental within the meaning of § 339.010.1(4), and the above was performed on behalf of the owner of real estate for compensation within the meaning of § 339.010.1(10), and such constitutes offering to engage or engaging in the performance of acts or practices for which a permit or license is required by Chapter 339, RSMo, pursuant to § 339.180.1(1).

18. Causing pecuniary damages to West Rock as described above constitutes a substantial probability of serious danger to the welfare of any person with, or who is considering obtaining, a legal interest in real property in this state within the meaning of § 339.180.1(2).

## **COUNT II**

### **Property Managed for Scott Kalwei**

19. The MREC realleges and incorporates by reference paragraphs 1 through 18 as though fully set forth herein.

20. In early 2016, Shives, acting as the manager of Cornerstone and/or IMS, entered into an agreement with Scott Kalwei, for the management of Kalwei's four unit apartment building located at 208-214 NE Cedar Ct., Blue Springs, Missouri, for a period of approximately seven months, ending in or about December of 2016.

21. Under the agreement with Kalwei, Shives's duties were to lease, manage, and maintain the above named units in exchange for a management fee.

22. Under the agreement with Kalwei, Shives failed to transfer rent payments into Kalwei's accounts, and by doing so Shives wrongfully withheld approximately \$6,000.00 in rents collected from tenants living in Kalwei's properties, which has never been recovered.

23. Entering into an agreement to lease the above named units on behalf of Kalwei for compensation is "offering to rent or lease" real estate within the meaning of § 339.010.1(2), offering or agreeing to negotiate the rental or leasing of real estate within the meaning of § 339.010.1(3), offering to list real estate for lease or rental within the meaning of § 339.010.1(4), and the above was performed on behalf of the owner of real estate for compensation within the meaning of § 339.010.1(10), and such constitutes offering to engage or engaging in the performance of acts or practices for which a permit or license is required by Chapter 339, RSMo, pursuant to § 339.180.1(1).

24. Causing pecuniary damages to Kalwei as described above constitutes a substantial probability of serious danger to the welfare of any person with, or who is considering obtaining, a legal interest in real property in this state within the meaning of § 339.180.1(2).

### **COUNT III**

#### **Property Managed for Marty Smith**

25. The MREC realleges and incorporates by reference paragraphs 1 through 24 as though fully set forth herein.

26. In 2015, Shives, acting as the manager of Cornerstone and/ or IMS, entered into an agreement with Marty Smith, for the management of twenty-four properties owned by Smith in and around Kansas City, Missouri, and in Jackson County, for a period from June 2015 or July 2016, or approximately seven months, ending in or about December of 2016.

27. Under the agreement with Smith, Shives's duties were to lease, manage, and maintain the above named units in exchange for a management fee.

28. While under contract with Smith, Shives failed to transfer collected rent payments into the designated account for doing so, and Smith paid Shives approximately \$100,000.00 for the purpose of making repairs to properties that were never completed.

29. After gaining Smith's confidence, Shives borrowed \$30,000.00 from Smith, promising to repay that amount back to him in 30 days, when he was to be paid on other projects, but the funds were never repaid.

30. In addition to the above, Shives failed to return approximately \$8,400.00 of funds related to security deposits for the Smith properties, which have never been replaced or repaid.

31. At the time Smith terminated the agreement in July of 2016, Shives owed Smith approximately \$117,000.00 in funds due to contractual obligations and personal debt.

32. Entering into an agreement to lease the above named units on behalf of Smith for compensation is "offering to rent or lease" real estate within the meaning of § 339.010.1(2), offering or agreeing to negotiate the rental or leasing of real estate within the meaning of § 339.010.1(3), offering to list real estate for lease or rental within the meaning of § 339.010.1(4), and the above was performed on behalf of the owner of real estate for compensation within the meaning of § 339.010.1(10), and such constitutes offering to engage or engaging in the performance of acts or practices for which a permit or license is required by Chapter 339, RSMo, pursuant to § 339.180.1(1).

33. Causing pecuniary damages to Smith as described above constitutes a substantial probability of serious danger to the welfare of any person with, or who is considering obtaining, a legal interest in real property in this state within the meaning of § 339.180.1(2)

#### **COUNT IV**

##### **Property Advertised for Lease**

34. The MREC realleges and incorporates by reference paragraphs 1 through 33 as though fully set forth herein.

35. On February 15, 2017, a property located at 3817 E. 53<sup>rd</sup> Terr., Kansas City, Missouri was advertised for rent on the Trulia website at [www.trulia.com](http://www.trulia.com) identifying Shives as the contact for information regarding renting the property. Neither of the Defendants own the property.



36. Advertising the above named property for lease for compensation on behalf of another is "offering to rent or lease" real estate within the meaning of § 339.010.1(2), RSMo; "listing real estate for sale or rental within the meaning of § 339.010.1(4), RSMo; and "assisting in the procuring of prospects calculated to result in the leasing or rental of real estate" within the meaning of § 339.010.1(7) RSMo, all of which constitute offering to engage or engaging in the performance of acts or practices for which a permit or license is required by Chapter 339, RSMo, pursuant to § 339.180.1(1).

## **COUNT V**

### **Property Management Services Advertised**

37. The MREC realleges and incorporates by reference paragraphs 1 through 36 as though fully set forth herein.

38. During the time of Shives' operation of Cornerstone and/or IMS in 2015 and 2016, Shives advertised property management and remodeling services at his place of business at 5429 Blue Pkwy., Kansas City, Missouri by placing a sign in front of the business that named both Cornerstone and IMS, and advertised "PROPERTY MANAGEMENT & REMODELING SERVICES" and "2, 3, & 4 Bedroom Homes For Rent."

39. Advertising property management services to others, and the advertisement of units for rent, as described above, for compensation on behalf of others is "offering to lease" real estate within the meaning of § 339.010.1(2),

and constitutes offering to engage or engaging in the performance of acts or practices for which a permit or license is required by Chapter 339, RSMo, pursuant to § 339.180.1(1), RSMo.

40. On information and belief, Shives, Cornerstone, and IMS continue to conduct real estate brokerage activity within the boundaries of the State of Missouri without appropriate licensing from the Missouri Real Estate Commission.

41. As a result of the conduct set forth above, Shives, Cornerstone, and IMS are subject to civil penalties of up to \$2,500.00 for each offense, up to a maximum penalty of \$25,000.00 for continuing violations of the applicable statutes stated above.

WHEREFORE, Petitioner requests this Commission to issue findings of fact and conclusions of law finding that the grounds for action set forth in Section 339.200.1(1) have been met, and to impose a civil penalty against each of the Respondents, Kendall Shives, Investors Management Solutions LLC, and Cornerstone Property Management and Remodeling Services LLC, of up to \$2,500.00 for each offense, up to a maximum penalty of \$25,000.00, and for such other relief as may be just and proper.

Respectfully submitted,

JOSHUA D. HAWLEY  
Attorney General

/s/ *Ross Keeling*

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